

NON-CORP

Reconciliation

**WORKSHEET FOR NON-CORPORATE BUSINESS PROFITS TAX
RECONCILIATION OF NH GROSS BUSINESS PROFITS**

For the CALENDAR year _____ or other tax year beginning _____ and ending _____

Name	FEIN or SSN
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This worksheet shall be used to reconcile the federal income calculations of the federal partnership and proprietorship income tax return filed with the Internal Revenue Service to the federal income calculated using the Internal Revenue Code (IRC) in effect on December 31, 2000. The revised calculation of federal income shall be used for the State's income on Line 1(a) through 1(c) of the NH-1065 return and income on Lines 1 through 3 of the NH-1040 return. Since the income activities are segregated on the partnership and proprietorship returns, this reconciliation worksheet must be used for each income type where IRC Section 179 and special 30% depreciation deductions have been taken. Check the appropriate box in the Activities section below to indicate the income activity. If only asset sales require a reconciliation, skip Lines 1 through 4 of this form.

If you are filing a **fiduciary** business profits tax return, you must compute your IRC Section 179 and depreciation expense in Line 2 of the NH-1041 using the IRC in effect on December 31, 2000. You may use the Federal Form 4562, Depreciation and Amortization (2000 Tax Year) to calculate these deductions. If you have any questions, please call the Department's Audit Division at (603) 271-3400 for additional guidance.

Federal ordinary income, profit, expense or loss reconciled on this form. (Use a separate reconciliation form for each type of activity indicated below. Indicate the activity being reconciled with a check mark.)

Partnership Activities

- A ☐ Ordinary Income or Loss from Trade or Business Activities
 B ☐ Net Income or (Loss) from Rental Real Estate Activities
 C ☐ Net income or (Loss) from Other Rental Activities
 D ☐ Other Income or (Loss) from Partnership Activities
 E ☐ Net Gain (Loss) from Sale of Assets
 F ☐ Installment Sales

Proprietorship Activities

- G ☐ Net Profit or (Loss) from Business
 H ☐ Income or (Loss) from Rental Activity
 I ☐ Net Farm Rental Profit or Loss
 J ☐ Net Farm Profit or (Loss)
 K ☐ Net Gain or (Loss) on Sale of Assets
 L ☐ Installment Sales

1	Adjusted Federal Income or Loss from Trade or Business Activities	
	(a) Federal Income or Loss from Trade or Business Activities from return filed with IRS	1(a) <input type="text"/>
	(b) Deduct gain (add loss) included in Line 1(a) on sale of assets acquired after September 10, 2001 or on which additional IRC Section 179 expense was taken	1(b) <input type="text"/>
	(c) Adjusted Federal Income or Loss from Trade or Business Activities. [Combine Lines 1(a) & 1(b)]	1(c) <input type="text"/>
2	Additions required to federal Income:	
	(a) IRC Section 179 expense taken on federal return for assets placed in service during current taxable period	2(a) <input type="text"/>
	(b) Special 30% depreciation on assets acquired after September 10, 2001 (Federal Form 4562)	2(b) <input type="text"/>
	(c) Current year depreciation reported on federal return for assets for which additional Section 179 deductions were reported in any period and/or for which special 30% depreciation was reported in any period.	2(c) <input type="text"/>
	(d) Other amounts reported on federal return that need to be eliminated due to revisions to the IRC in effect on December 31, 2000	2(d) <input type="text"/>
3	Deductions required from federal Income: (The deductions allowed in this section are the deductions that would be allowed on assets placed in service in 2001 and 2002 using the IRC in effect on 12/31/2000)	
	(a) IRC Section 179 expense allowed on assets placed in service during current taxable period	3(a) <input type="text"/>
	(b) Current year depreciation allowable for assets for which special 30% depreciation deductions were reported for any period and/or additional Section 179 deductions for any period were reported on the federal return	3(b) <input type="text"/>
	(c) Other deductions required due to revisions to the IRC in effect on December 31, 2000.	3(c) <input type="text"/>
4	Adjusted Gross Business Profits (Enter this amount on the appropriate line of your NH-1040 or NH-1065 Business Profits Tax Return)	4 <input type="text"/>
5	Adjustments required on sale of assets acquired after September 10, 2001 or on which the additional IRC Section 179 expense was taken. (The federal calculation of any gain or loss on the sale of these assets must be adjusted to reflect the different state basis for the assets)	
	(a) Gross sale price for assets acquired after September 10, 2001, or on which the additional IRC Section 179 expense was taken, and sold in current period	5(a) <input type="text"/>
	(b) State basis of assets acquired after September 10, 2001, or on which the additional IRC Section 179 expense was taken, and sold in current period plus related selling expenses	5(b) <input type="text"/>
	(c) State gain (loss) on sale of assets acquired after September 10, 2001 or on which the additional IRC Section 179 expense was taken. (Line 5(a) less Line 5(b). Place this amount on the appropriate line of your NH-1040 or NH-1065 Business Profits Tax Return	5(c) <input type="text"/>

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LINE 1(a)	Partnership Returns Ordinary Income (Loss) - Enter the amount from Line 22 of the Federal Partnership Income Tax Return (Form 1065) being filed with the Internal Revenue Service for the same taxable period. Net Income (Loss) from Rental Real Estate Activities - Enter the amount from Schedule K, Line 2 or Federal Form 8825, Line 21. Net Income (Loss) from Other Rental Activities - Enter the amount from Schedule K, Line 3c. Other Income (Loss) from Partnership Activities - Enter the amount of income (loss) not included elsewhere on this reconciliation. Proprietorship Returns Net Profit or Loss from Business - Enter the amount from Line 31 on Schedule C of your Federal Individual Income Tax return (IRS Form 1040.) Income or Loss from Rental Activities - Enter the amount from Part I, Line 26 on Schedule E of your Federal Individual Income Tax return (IRS Form 1040.) Farm Rental Profit or Loss - Enter the amount from Line 32 on Federal Form 4835. Net Farm Profit or Loss - Enter the amount from Line 36 on Schedule F of your Federal Individual Income Tax return (IRS Form 1040.)																														
LINE 1(b)	From Part II of Federal Form 4797, enter the total amount of current-period ordinary income or loss that pertains to sales of business assets on which additional Section 179 expenses were reported in any year and/or for which special 30% depreciation was reported in any year.																														
LINE 1(c)	Combine Line 1(a) and Line 1(b).																														
LINE 2(a)	Enter on Line 2(a) the amount from Line 12 on each Depreciation and Amortization form (IRS Form 4562 - Rev 3-2002).																														
LINE 2(b)	Enter on Line 2(b) the amount from Lines 14 and 25 on each Depreciation and Amortization form (IRS Form 4562 - Rev 3-2002).																														
LINE 2(c)	Determine the amount of depreciation included within Lines 15, 17, 19, 20, 26(h) and 27(h) of IRS Form 4562 (Rev 3-2002) for only those assets included in this specific reconciliation relating to: • Assets acquired after September 10, 2001 and before September 11, 2004 upon which the special 30% depreciation was taken during any period and, • Assets acquired after December 31, 2000 for which an IRC Section 179 deduction was taken during any period. • (If an asset had both special 30% depreciation and Section 179 deductions taken during any period, only include the amount of depreciation one time for that asset.) • Add the amounts determined above together and enter the total on Line 3(c).																														
LINE 2(d)	Other additions required due to revisions to the IRC in effect on December 31, 2000. (Attach a brief description of the additions.)																														
LINE 3(a)	Enter the amount of IRC Section 179 expense deduction amount that would have been allowed under the IRC in effect on December 31, 2000. The maximum allowed under that code was \$20,000.																														
LINE 3(b)	Using the general and alternative depreciation systems and the "Listed Property" depreciation regulations in effect under the IRC in effect on December 31, 2000, calculate for only the assets included in this specific reconciliation the amount of current-period depreciation on: • Assets that were acquired after September 10, 2001 and before September 11, 2004 upon which the special 30% depreciation was taken during any period and, • Assets acquired after December 31, 2000 for which an IRC Section 179 deduction was taken during any period. • Add the amounts determined above together and enter the total on Line 3(b). NOTE: The Federal Depreciation and Amortization form (IRS Form 4562-2000) or a supplemental depreciation schedule may be used to calculate the amount.																														
LINE 3(c)	Other deductions required due to revisions to the IRC in effect on December 31, 2000. (Attach a brief description of the deductions.)																														
LINE 4	Add the amounts on Lines 2(a) through 2(d) to the amount on Line 1(c) then subtract the total amount from Lines 3(a) through 3(c). Depending on the type of reconciliation, enter this amount on the appropriate line of your NH Business Profits Tax return as indicated below. Type of Reconciliation: <table border="0"> <tr> <td>Partnership</td><td></td><td>Enter Line 4 Amount on:</td></tr> <tr> <td>Ordinary Income or (Loss) from Trade or Business Activities</td><td>NH-1065</td><td>1(a)</td></tr> <tr> <td>Net Income or (Loss) from Rental Real Estate Activities</td><td>NH-1065</td><td>1(b)</td></tr> <tr> <td>Net Income or (Loss) from Other Rental Activities</td><td>NH-1065</td><td>1(c)</td></tr> <tr> <td>Other Income or (Loss) from Partnership Activities</td><td>NH-1065</td><td>1(f)</td></tr> <tr> <td>Proprietorship</td><td></td><td></td></tr> <tr> <td>Net Profit or (Loss) from Business</td><td>NH-1040</td><td>1</td></tr> <tr> <td>Income or Loss from Rental Activity</td><td>NH-1040</td><td>2(a)</td></tr> <tr> <td>Net Farm Rental Profit or Loss</td><td>NH-1040</td><td>2(b)</td></tr> <tr> <td>Net Farm Profit or (Loss)</td><td>NH-1040</td><td>3</td></tr> </table>	Partnership		Enter Line 4 Amount on:	Ordinary Income or (Loss) from Trade or Business Activities	NH-1065	1(a)	Net Income or (Loss) from Rental Real Estate Activities	NH-1065	1(b)	Net Income or (Loss) from Other Rental Activities	NH-1065	1(c)	Other Income or (Loss) from Partnership Activities	NH-1065	1(f)	Proprietorship			Net Profit or (Loss) from Business	NH-1040	1	Income or Loss from Rental Activity	NH-1040	2(a)	Net Farm Rental Profit or Loss	NH-1040	2(b)	Net Farm Profit or (Loss)	NH-1040	3
Partnership		Enter Line 4 Amount on:																													
Ordinary Income or (Loss) from Trade or Business Activities	NH-1065	1(a)																													
Net Income or (Loss) from Rental Real Estate Activities	NH-1065	1(b)																													
Net Income or (Loss) from Other Rental Activities	NH-1065	1(c)																													
Other Income or (Loss) from Partnership Activities	NH-1065	1(f)																													
Proprietorship																															
Net Profit or (Loss) from Business	NH-1040	1																													
Income or Loss from Rental Activity	NH-1040	2(a)																													
Net Farm Rental Profit or Loss	NH-1040	2(b)																													
Net Farm Profit or (Loss)	NH-1040	3																													
LINE 5	Line 5(a) through Line 5(c) section needs to be completed only when assets acquired after September 10, 2001 and before September 11, 2004 or on which the additional IRC Section 179 expense was taken are disposed of before they have been fully depreciated under both the Federal and State depreciation methods. The assets will have a different basis for federal and state purposes until they are fully depreciated, creating a different calculation of gain or loss.																														
LINE 5(a)	Enter the total amount of the gross sales prices from the Federal Form 4797 on assets described in the Line 5 paragraph that were sold in the taxable period.																														
LINE 5(b)	Determine the amount of the State basis for the assets described in the Line 5 paragraph above which were sold in the taxable period and add the related selling expenses. Enter the amount calculated on Line 5(c). The State basis is the original cost to acquire the asset plus the cost of any improvements reduced by the amount of IRC Section 179 and depreciation expenses as determined using the IRC in effect on December 31, 2000. Refer to the instructions for Line 3(a) and 3(b) to calculate the amount of allowable IRS Section 179 expense and depreciation.																														
LINE 5(c)	Subtract the amount entered on Line 5(b) from the amount entered on Line 5(a) and enter that amount on Line 5(c). For a partnership, enter the amount calculated on Line 5(c) of this form and on Line 2 or Line 3, as appropriate, of the Partnership Business Profits Tax return (Form NH-1120). For a proprietorship, enter the final amount on Line 5(c) of this form and on Line 4 or Line 5, as appropriate, of the (Form 1040).																														

Partnership or Proprietorship Business Profits Tax return (Form NH-1120).